

Update from Good Energy on electric supply price from Ameren – June 1, 2022

ELECTRIC AGGREGATION UPDATE June 1, 2022

Spiking prices and supply shortages prevented us from securing a contract for our aggregation programs in your community's program. Participants will be returned to Ameren Illinois supply effective with the June billing cycles. Customers do not need to take any action for their accounts transition to utility supply. Ameren has been sending confirmation notices to account holders.

Energy markets have experienced a significant price spike through the Winter and Spring, and these skyrocketing prices are reflected in Ameren's recently announced utility rates for residential and small business customers. The annual average for Ameren's current residential rates is approximately 12 cents per kwh and represents a dramatic increase for all electric consumers in the Ameren service area.

Alternative suppliers such as Homefield Energy, who has been the aggregation program's supplier since its inception, are not offering prices that are competitive with the utility's published rates, despite the significant increase in prices. This means that customers returning to Ameren's supply will most likely remain with the utility until next May due to the utility rule requiring such customers to remain on utility supply for 12 consecutive months.

While these market conditions are unprecedented, we do not expect the current pricing levels or generation supply shortages to endure for the long term. We continue to communicate with suppliers, including some new entrants to the Southern Illinois market, about future energy supply for our purchasing group. We fully expect to resume the program in May 2023 and will update you as we make progress in following market developments.

May 13, 2022 update on electric supply aggregation through Ameren.

As many of you know, the City of Washington participates in an electric aggregation program through Good Energy with Homefield Energy as the current supplier. Ameren charges to deliver the electricity (*transmission charge*). Good Energy contracts for the supply side of the electric use of Washington customers who have not opted out of the program. This program has enabled residents to save significantly over the last several years on the cost of electricity as the following article highlights:

<https://www.prnewswire.com/news-releases/good-energy-locks-in-low-rates-for-illinois-residents-despite-recent-ameren-illinois-price-hike-301429399.html>

Unfortunately, for several months now, we have all experienced the effect of rocketing inflation (*8.3% year over year published this week*) from spiking gas prices to much higher prices for practically everything that we consume. Global supply chain issues and the war in Ukraine continue to provide a troublesome trend going forward.

Our current electricity supply contract rate (0.04285 per kWh) with Homefield Energy is set to expire May 31st. We and other member communities have no choice but to accept the Ameren electricity rate the total of which is expected to be between 0.112 - 0.116 per kWh. This will be the temporary rate that Washington residents will see coming in June and July as we wait for a better market to accept bids for a new contract. Since Ameren hasn't released the transmission component, we are using

historical transmission rates to estimate the tariff range. **Regardless, the new Ameren rate is going to be more than double beginning June 1, 2022.**

A recent Peoria Journal Star article covered the challenges area residents are going to face with the upcoming higher electricity costs:

<https://www.pjstar.com/story/news/2022/04/27/peoria-ameren-electricity-bills-higher-summer-heres-why/7368627001/>

Hopefully, market conditions will improve so that a lower supply rate can be locked in for the future. We will keep you updated as things develop over the next several weeks.

In the meantime, I believe it's important that both residential and commercial customers examine their energy usage and plan ahead for these increases. Two resources are Ameren's website and [energy.gov](https://www.energy.gov), which provide good energy and cost-saving advice. The following sites explain municipal electric aggregation in further detail:

<https://www.pluginillinois.org/MunicipalAggregation.aspx>

<https://www.ameren.com/illinois/company/business-partners/government-support/aggregation>

Jim Snider
City Administrator
City of Washington
301 Walnut Street
Washington, Illinois 61571
Office: 309.444.1123